

ACTION TAKEN IN RESPONSE TO PUBLIC COMMENT

The following is a summary of many of the changes, clarifications and updates made to the The Road Home based on public comments we received. It includes the highlights and is not a comprehensive list of all comments that have been reviewed and considered in completion of this plan.

I. Homeowner Assistance Program

Assistance Under Partial Funding

Comment: The Louisiana House of Representatives, through House Resolution 32, suggested that the program remove any limits on assistance to homeowners based on income.

Action: Under current, partial funding levels, we revised the plan to include all homeowners with major or severe damage, providing them 50% of the assistance for which they will be eligible when Congress has appropriated the additional \$4.2 billion.

Land Management and Redevelopment

Comment: *The Road Home* fails to recognize the challenges and opportunity associated with management and redevelopment of land acquired through the homeowner assistance program.

Action: We made it clear that the LRA will, working with state and local elected officials and civic leaders, assign responsibility to either a dedicated state entity or local redevelopment authorities for managing, packaging and redeveloping acquired land. In addition, pursuant to the recommendations of Congressman Baker, members of the Legislature, community advocacy organizations and others:

1. The land will be placed into commerce where it is safe to do so and turned into green space where safety requires; and
2. Redevelopment plans must match local community planning priorities and guidelines.

Return on Land Redevelopment

Comment: What will the State do with the proceeds derived from sale of land acquired through the buyout and sale options?

Action: The LRA recognizes the potential for a significant return on investment in property redevelopment, and we have added to the action plan a commitment to recycle these proceeds into further housing restoration, infrastructure enhancements, and economic development activities designed to help recreate strong communities which are closely tied to transit, jobs, and public services. In addition, the LRA is supporting and coordinating the resurrection of whole communities through direct investment of CDBG resources in state and local infrastructure projects and economic development.

Repairing and Rebuilding Duplexes

Comment: The Homeowner Assistance Program should accommodate the high proportion of mixed-occupancy, multi-unit structures located in the devastated areas.

Action: We have expanded the valuation and damage calculations on duplexes, in which the owner resides in one of the units, to encompass the full structure, not just the single owner-occupied unit.

Duplication of Insurance Proceeds

Comment: The Louisiana House of Representatives, through House Resolution 32, suggested that assistance to homeowners not be reduced by the insurance proceeds received by that applicant.

Action: We explored the option and clarified with HUD that, pursuant to federal statute and HUD requirements for the CDBG program, homeowner assistance may not duplicate any benefits, derived from any source, that are received by the homeowner as a result of damages incurred during Hurricanes Katrina and Rita.

Demonstrating Eligibility Based on Damages

Comment: Dozens of comments raised concerns about homeowners that had trouble with FEMA registration and application for home repair assistance.

Action: Recognizing that FEMA has not been uniform in its assessment of damage in all cases, nor have they been uniform in notification of homeowners, we made it clear that homeowners may appeal their eligibility based on an alternative damage estimate.

Comment: The public indicated confusion about the calculation of benefits.

Action: To combat that confusion, we updated the Appendix 2 to better illustrate the total extent of costs and benefits to homeowners. A third example was included to demonstrate a broader range of circumstances, and we took the opportunity to correct an error in our previous version in which we did not include the penalty for being uninsured.

Determining Value Fairly

Comment: Many individuals and organizations raised the concern that there are many unacceptable methods of determining a home's pre-storm value.

Action: We clarified that the LRA expects that, while it cannot be finally established until the administering private contractor is selected, the method for determining pre-storm value will balance efficiency, fairness and equality. But most importantly, any homeowner believing that the damaged home's pre-storm value has been inaccurately established will have the opportunity to appeal on the basis of an acceptable alternative valuation.

Structure of Affordable Loans

Comment: Comments from the Legislative Black Caucus, bankers and lenders, and low-income housing advocates made recommendations on the viability and structure of the incentive loan portion of assistance.

Action: Pursuant to many of their recommendations, we determined that the Incentive Loan will include an allocation for soft second mortgages repayable on sale of the property. Additionally, it will leverage private capital to create larger pools of affordable loan investment capital through the use of mechanisms such as a loan loss guarantee pool and below market interest rates through rate reduction buy-down features.

Protecting Homeowner Equity

Comment: Grant assistance to homeowners may end up going toward an existing mortgage, leaving the homeowner with no direct assistance.

Action: The LRA shares the concern regarding the loss of equity to the homeowner and has added the following language to the buyout and sale sections of the action plan: "... a lien holder may be asked to write off a portion of the current outstanding principal balances of the loan or other lien, and to give consideration to potential lost equity of the homeowner."

Deceased and Infirm Homeowners

Comment: Concern was raised about eligibility and assistance of homeowners and their heirs deceased or infirm as a result of or since the storms.

Action: We clarified the guidelines for the assignment of benefits to legal heirs and holders of legal rights of homeowners that would otherwise be eligible for the program.

Calculating Benefits

Comment: The public indicated confusion about the calculation of benefits.

Action: To combat that confusion, we updated Appendix 2 to better illustrate the total extent of costs and benefits to homeowners. A third example was included to demonstrate a broader range of circumstances, and we took the opportunity to correct an error in our previous version, in which we did not include the penalty for being uninsured.

II. Workforce and Affordable Rental Programs

Creating Affordable Rental Units

Comment: The money allocated to rental programs does not do enough for affordable housing creation.

Action: We reinforced, in all the rental redevelopment programs, the expectation that CDBG assistance will be focused on achieving the twin goals of deep affordability and the restoration of rental housing stock in the context of mixed-income communities.

Comment: Affordability timelines for rental units developed under the LIHTC piggyback program should be out to twenty years.

Action: The current expectation of the LRA is that affordability will extend to 20 years. Housing program consultants are exploring the feasibility of this extension.

Leveraging Rental Funds

Comment: Comments from the New Orleans Business Council and Bureau of Governmental Research, among others, indicated that we do not leverage the CDBG funds in rental redevelopment as deeply as we should.

Action: We worked with housing development experts and the commentors to convert the CDBG Piggyback subsidies to be awarded on a competitive basis. That is, rather than set a certain amount of subsidy per unit for certain affordability levels, developers must request CDBG assistance for each unit, and the lowest requests will receive priority in allocation of funds.

Ensuring Equitable Distribution of Funds

Comment: The plan does not guarantee that the most affected parishes will receive priority in rental housing redevelopment funding.

Action: We established that a percentage of rental redevelopment funding will be allocated to the most affected parishes based on the estimated damage to rental units.

Comment: GO Zone LIHTC projects should go to the most heavily impacted parishes.

Action: The LRA strongly urges the Louisiana Housing Finance Agency to direct that GO Zone LIHTC benefits be similarly targeted to parishes which suffered the most damaged or destroyed rental properties as described for the Workforce and Affordable Rental Housing programs (Section 3.1).

Home Purchase Assistance

Comment: The plan should include home purchase assistance for renters.

Action: The LRA proposes to allow variations of this program that will provide incentives, not only for repairing damaged rental properties, but converting them to owner-occupied housing. Two pilot programs may be created and expanded if successful. The first pilot program could allow a landlord to sell a repaired one-family or two-family rental property to a low- or moderate-income homeowner, rather than rent the home. The second pilot program would allow low- and moderate-income homebuyers to purchase unrepaired one-family and two-family rental units and to carry the home through the repair process. Creating first-time homebuyers will be a priority but the pilot program will also serve buyers who have previously owned homes.

Reinvesting Program Income

Comment: The plan should include a mechanism to funnel program income back into affordable housing.

Action: We are recycling program income (from loan repayments and defaults on covenants by homeowners) back into affordable housing creation through the Louisiana Housing Trust Fund. We have also committed to reinvesting the proceeds from the sale of redeveloped property into community redevelopment activities, including infrastructure, housing and economic development.

III. General Program Guidelines

Benefits for Low- and Moderate-Income Individuals

Comment: The Legislative Black Caucus and other low-income advocacy organizations recommended that we more clearly demonstrate that *The Road Home* meets community benefit requirements.

Action: The State shall hire an independent firm to assist the State in its efforts to achieve the community benefit requirements of HUD. The firm shall also provide community outreach to low and moderate income citizens to apprise them of the recovery assistance programs available to them including but not limited to housing programs and the benefits of HUD Section 3 provisions.

Fair Housing

Comment: Concern about the absence of fair housing goals in the programs.

Action: We added explicit statements that fair housing guidelines and non-discrimination are goals of *The Road Home*, and added education about fair housing rights to the list of responsibilities of program administrators.

III. Restoration of Homeless Supports and Housing

The homeless assistance piece has been dramatically reworked to align its objectives with those recommended by advocates for the homeless and people at risk of being homeless, as well as other families with special needs.

Comments: The public comments on this section largely fell into 3 categories:

1. The need for priorities within the funding;
2. Definitions of further aspects of the plan; and
3. Services for the newly homeless.

Actions: Local homeless advocates, housing advocates and other members of the public consistently articulated the need for priorities for this funding. Consensus

emerged around a handful of priorities beginning with repair of damaged shelters, transitional housing, and permanent supportive housing.

Additional identified priorities included assistance to construct new permanent supportive housing, homeless prevention assistance, and investments in housing and employment search services. The current plan reflects these suggested priorities.

Additionally, public comment requested a broader definition of those at-risk of becoming homeless. This section was expanded to include low wage workers, unemployed, victims of domestic violence, low-income seniors, and/or low-income persons with any type of substantial disability (including physical or sensory disability, chronic health problems, cognitive disability, mental illness or addictive disorder).

Finally, public comment requested consideration of the needs of the newly homeless. Depending on each individual's circumstances, this population could be provided with supportive services, home modifications, or assistance with rent to enable an individual to return home.